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**Bhutan
Trust Fund**
For Environmental Conservation



**ANNUAL
REPORT
2025**





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Vision, Mission & Core Values



Vision

Social wellbeing secured through environmental conservation.



Mission

Leverage, upscale, and accelerate innovative financing to enhance environmental conservation.



Core Values

Building on our country's Buddhist philosophy of living in harmony with nature, we adhere to the following core values while delivering on our mission.

Stewardship

We uphold and advocate environmentally friendly and sustainable practices to safeguard a habitable nation for future generations.

Transparency

Given our mandate to provide grants, we prioritize transparency by maintaining honesty, impartiality, trustworthiness, and accountability in all procedures.

Innovation

We champion creativity and forwardthinking approaches by continually seeking innovative solutions and by empowering youth to shape the future.

Collaboration

We build inclusive team dynamics that nurture cooperation, engagement, and respect, both within and beyond our organization.

Adaptability

We embrace change and remain adaptable to the emerging issues and challenges faced by the environment.

Neutrality

We will remain politically impartial in our work and grant making. As individuals, we will continually seek to reflect on and address our own implicit biases.



Executive Summary

The Bhutan Trust Fund for Environmental Conservation (BTF) was established in 1991 by His Majesty the Fourth Druk Gyalpo Jigme Singye Wangchuck, making it the world's first environmental trust fund. Operating as an independent body governed by a Royal Charter, its mission is to leverage and accelerate innovative financing to enhance conservation. The organization's vision is to secure social wellbeing through environmental conservation, a goal rooted in the Buddhist philosophy of living in harmony with nature. The mission is upheld by core values including stewardship, innovation, transparency, collaboration, adaptability, and neutrality.

As of December 2025, the fund manages a total investment of USD 86.58 million. Of this amount, 88% (USD 75.83 million) is held offshore, while 12% (USD 10.75 million) is maintained onshore. To ensure long-term sustainability, the organization launched 'Roadmap 2040' in 2024, which targets USD 200 million endowment and USD 50 million sinking fund. BTF adheres to a strict spending policy, utilizing 5% of a three-year rolling average of the portfolio value, up to 80% allocated to programs and 20% to Secretariat operations.

In terms of environmental impact, BTF has funded 392 projects totaling USD 54.82 million since its inception. These projects target four thematic areas: preserving biological diversity, enabling human-wildlife coexistence, mitigating and adapting to climate change, and addressing the adverse impacts of development. Funding is distributed through various windows, such as large grants of up to Nu. 15 million per project and small grants of up to Nu. 1 million per project. Additionally, the BTF manages sinking fund projects with international partners such as Adaptation Fund, Green Climate Fund, Conservation International, IUCN, and GEF.

In recognition of BTF's leadership and contribution to environmental conservation, BTF received the Jigme Singye Wangchuck Outstanding Environmental Stewardship Award. The award acknowledged BTF's pioneering role in advancing innovative conservation financing and its continued efforts in strengthening biodiversity conservation and climate resilience in Bhutan.

BTF is governed by a high-level Board of Trustees appointed through the Royal Command. The board is supported by an Asset Management Committee, and Governance & Audit Committee to ensure fiduciary integrity. For technical oversight, an Independent Technical Advisory Panel reviews project formulations. To maintain transparency and global standards, the BTF has adopted International Public Sector Accounting Standards (IPSAS). Day-to-day operations are managed by a Secretariat headed by the Managing Director, ensuring that the environment remains a gift for future generations.



Message from the Chairperson



It gives me great pleasure to present the Bhutan Trust Fund for Environmental Conservation Annual Report 2025. Guided by our Royal Charter and Bhutan's philosophy of harmony between people and nature, BTF has continued to support impactful initiatives that strengthen environmental conservation and community wellbeing across the country.

During the year, BTF funded a diverse range of projects in renewable energy, biodiversity conservation, sustainable agriculture, climate resilience, and waste management. These initiatives reflect our continued commitment to promoting innovative and sustainable solutions to emerging environmental challenges.

One of the major highlights of the year is BTF's support to the Gelephu Mindfulness City (GMC) Renewable Engineered Timber Project. This transformative project demonstrates how sustainable forest management, green industrial development, and low-carbon innovation can work together to create conservation-compatible economic opportunities and resilient livelihoods for communities.

As Bhutan's sole accredited National Implementing Entity to the Adaptation Fund and Direct Access Entity to the Green Climate Fund, BTF remains committed to strengthening climate resilience and mobilizing resources for Bhutan's long-term environmental goals. On behalf of the Board of Trustees, I extend my sincere appreciation to our partners, donors, stakeholders, and the Secretariat team for their continued support and dedication.

Tashi Delek!

Dasho Kesang Wangdi
Chairperson
Bhutan Trust Fund for Environmental Conservation



Message from the Managing Director



The past year has been an important year for the Bhutan Trust Fund for Environmental Conservation as we continued to strengthen our efforts in supporting innovative and community-centered environmental programs across Bhutan. Guided by our vision of securing social wellbeing through environmental conservation, BTF remained committed to promoting sustainable and climate-resilient solutions nationwide.

During the year 2025, BTF supported nine large grant projects amounting to Nu. 126.5 million, alongside several small grants and advocacy initiatives. These projects focused on renewable energy, biodiversity conservation, climate-smart agriculture, waste management, and ecosystem restoration, benefiting communities while strengthening environmental stewardship and resilience.

One of the major highlights of the year was the support extended to the GMC Renewable Engineered Timber Project under the Gelephu Mindfulness City initiative. The project reflects a forward-looking approach to sustainable development by promoting engineered timber production, scientific forest management, green construction alternatives, and rural livelihood opportunities.

BTF also continued to strengthen its role as Bhutan's only accredited National Implementing Entity to the Adaptation Fund and Direct Access Entity to the Green Climate Fund through locally led climate adaptation initiatives. I extend my sincere appreciation to the Board of Trustees, our development partners, implementing agencies, and the dedicated Secretariat team for their continued support and collaboration.

Tashi Delek!

Dr. Karma Tshering
Managing Director
Bhutan Trust Fund for Environmental Conservation



Board of Trustees



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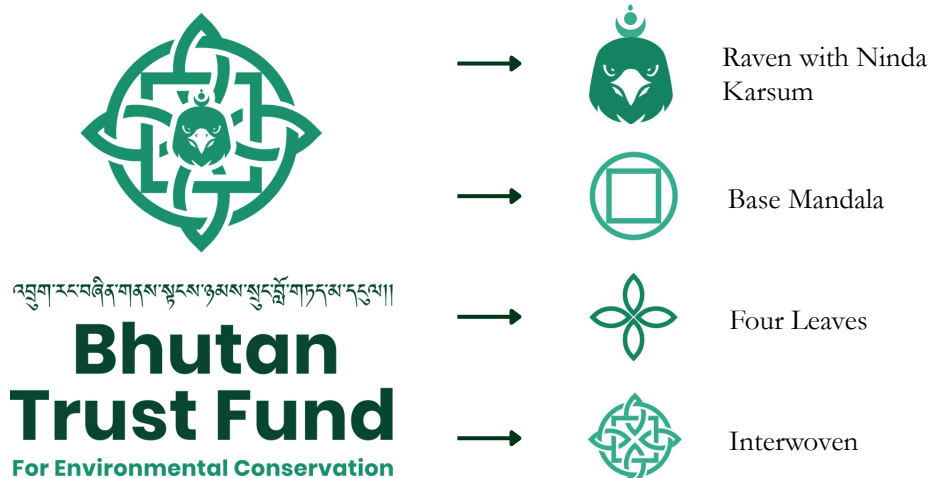


Chencho
Trustee



Introducing BTF's New Visual Identity

The Bhutan Trust Fund for Environmental Conservation is proud to unveil a new visual identity that deeply reflects our roots, our mandate, and our future. This emblem is more than a design; it is a sacred geometry that weaves together Bhutanese tradition, royal mandate, and the spirit of interdependence.



At its core lies the **Raven**, closely associated with the nation's guardian deity and rooted in Bhutan's spiritual heritage. Perched upon the Royal Crown, it symbolizes the sacred Royal Mandate entrusted to BTF to advance social welfare through environmental conservation. Above it rests the **Ninda Kar Sum**, the Sun, Moon, and Star, representing Buddhist wisdom, ethical conduct, and the spiritual responsibility that underpins Bhutanese kingship and national purpose.

Forming the foundation of the identity is the **Base Mandala**, a square within a circle. This geometry represents the balance between structure and stability and the concepts of wholeness, unity, and harmony that guide BTF's work.

The **Four Leaves** come together to form a blooming flower. This signifies the four

thematic areas of BTF's programs, reflecting growth, renewal, and the collective prosperity the organization seeks to nurture across the nation.

The **Interwoven** lines woven throughout the design symbolize an infinite and inseparable commitment to environmental stewardship. They reflect the deep bond between nature and the welfare of the people, reinforcing continuity, resilience, and shared responsibility.

The predominant use of **Green** in the logo represents BTF's unwavering commitment to environmental conservation, integrity, sustainability, and the protection of Bhutan's natural heritage. It embodies life, vitality, and the sacred responsibility to preserve nature for future generations.

Program Achievements





Core Endowment

Large Grants Awarded

In 2025, the Secretariat awarded 9 large grant projects which amounts to a total of Nu. 126.5 million. The projects are mentioned in the table below:

SN	Projects	Approved Amount (Nu.)	Status
1	Beyond Honey: Climate-smart Apiculture for Ecosystem Services, Sustainable Food Production and Biodiversity Conservation	8,603,000.00	Ongoing
2	Improving Conservation Decision-making in Bhutan with Environmental DNA: A Strategic Initiative towards Achieving 30x30 Conservation Goals	14,042,900.00	Ongoing
3	Domestication of High-value Wild Edible Mushrooms through the Support of a Research Facility	7,095,964.00	Ongoing
4	Installation of Solar Water Heater System (SWHS)	14,941,000.00	Ongoing
5	Enhancing Agriculture in Tsephu Village through Innovative and Climate-resilient Solar Irrigation Infrastructure	14,950,500.00	Ongoing
6	Solar Wellness for Monks	5,363,080.00	Ongoing
7	Gyalsung Environment Management (Waste Management Project)	15,000,000.00	Ongoing
8	Zero Waste Initiative: Adopting Circular Solutions for Sustainable Waste Management in Denchhi Throm	15,000,000.00	Ongoing
9	GMC Renewable Engineered Timber	31,500,000.00	Ongoing



Small Grants Awarded

In 2025, the Secretariat awarded 6 small grant projects amounting to a total of Nu. 2.3 million. The projects are mentioned in the table below:

SN	Projects	Approved Amount (Nu.)	Status
1	Development of Environmentally Friendly Amenities at Rangjung Chorten	380,000.00	Completed
2	Landscape Rehabilitation in the Ecological Park	290,000.00	Completed
3	Installation of CCTV and Solar at Goen Tsephu	260,000.00	Completed
4	Feed Support and Shelter Construction for a Rescued Elephant Calf	330,000.00	Completed
5	Circular Economy: Sensitize Students, Staff, Feeder Schools, and Community on Waste Management Practices and Establishment of Waste Management Club in Punakha Dzongkhag towards Clean and Green Bhutan	270,000.00	Completed
6	Impact Evaluation of Large Grant Projects	399,500.00	Completed

Advocacy Grants Awarded

In 2025, the Secretariat awarded 27 advocacy initiatives amounting to a total of 3.11 million. Some of the major projects are mentioned in the table:

SN	Projects	Approved Amount (Nu.)	Status
1	World Ranger Day	150,000.00	Completed
2	Annual Mushroom Festival for Sustainable Harvesting & Nature Management	75,000.00	Completed
3	Ride for Action	80,000.00	Completed
4	Bhutan Bird Festival	30,000.00	Completed
5	South Asian Women Conference (SWAN) on Rural Tourism & Gender	800,000.00	Completed



Beyond Honey: Climate-smart Apiculture for Ecosystem Services, Sustainable Food Production and Biodiversity Conservation



The project titled “Beyond Honey: Climate-Smart Apiculture for Ecosystem Services, Sustainable Food Production and Biodiversity” is implemented by the National Livestock Research Center (NLRC), Bumthang. The project is funded by BTF with a total budget of Nu. 8.603 million, and is being implemented from July 2025 to June 2028.

The primary objective of the project is to promote climate-smart beekeeping programs in order to boost the economy, sustain food production for human and wildlife, and protect biodiversity through managed pollination services.

Project Outcomes

- Climate-smart beekeeping technologies introduced.

- Ecosystem services tools developed through research findings.
- Bee pollination services enhanced to be implemented in 3 identified Dzongkhags.
- Private sector investment and income generation enhanced.

Project Benefits

The project directly benefits 17 beekeeping districts across the country, involving 7,508 beekeepers (NSB, 2023), two beekeepers’ cooperatives, nine beekeepers’ groups, and five NGOs engaged in honey production and marketing. Communities in the project sites will also benefit indirectly through improved crop productivity, biodiversity conservation, and enhanced ecosystem services resulting from honeybee pollination.



Improving Conservation Decision-making in Bhutan with eDNA: A Strategic Initiative towards Achieving 30x30 Conservation Goals



The project commenced in January 2025 to introduce and establish Environmental DNA (eDNA) technology as a groundbreaking, non-invasive, and affordable tool, designed to address these challenges of monitoring rapidly, to identify the presence of species, including rare and invasive ones. eDNA involves the analysis of genetic materials that are naturally released into the environment (water, soil, air) to detect their presence rapidly and selectively.

The total cost of a project amounts to Nu. 19.3 million, out of which Nu. 14.043 million is funded by BTF and Nu.5.3 million co-financed by WWF-Bhutan and ETH-Zurich and is implemented by DoFPS.

Project Outcomes

- Biodiversity monitoring capacity enhanced.
- Comprehensive biodiversity inventory with the focus on vertebrates.

Project Benefits

The project benefits various stakeholders and conservation areas by leveraging eDNA technology across the country. The initiative specifically targets priority areas, spanning the ecological spectrum from southern subtropical forests to the alpine meadows of the Eastern Himalayas. Key areas of focus include national parks and biological corridors known for their rich biodiversity and remoteness. The project will directly benefit Bhutanese scientists, researchers, and conservationists by enhancing their capacity for biodiversity monitoring. Additionally, it will benefit college students from the Royal University of Bhutan and schools as well as faculties by providing hands-on experience in cutting-edge conservation technology, thereby fostering a new generation of environmental stewards. Indirectly, the project benefits the broader Bhutanese population through improved conservation strategies and sustainable resource management.



Domestication of High-value Wild Edible Mushrooms through the Support of a Research Facility



The project is implemented by the National Mushroom Centre at Thimphu, with a total funding of 7.09 million, in collaboration with the Department of Agriculture (DoA). This project aims to enhance research capacity on various mushroom species through improved infrastructure and to advance the sustainable domestication and conserve high-value wild edible mushrooms to protect biodiversity and help reduce human-wildlife conflict.

Project Outcomes

- Convert the existing piggery building into a modern research facility dedicated to mushroom cultivation trials.
- Laboratory equipment and accessories upgraded.
- Promote sustainable domestication and preservation of high-value wild edible mushrooms within the GMC region.

- Document comprehensive inventory data on wild mushrooms at GMC.
- Conduct awareness program on wild-mushroom poisoning in 7 Gewogs of Sarpang.

Project Benefits

The project strengthens NMC's mushroom research and cultivation capacity, providing local growers, researchers, and conservationists with advanced techniques and diverse species to improve livelihoods, especially for women. It also supports biodiversity by documenting wild mushrooms, reducing wild harvesting, minimizing habitat loss and human-wildlife conflicts, and ensuring equitable access to cultivation technologies for all community members.



Installation of Solar Water Heater System (SWHS)



The project is being implemented by Health and Wellbeing Division, Department of Education Programs (DEP), Ministry of Education and Skills Development (MoESD), with fund support of Nu.14.94 million from BTF, from July 2025 to December 2026.

The primary objective is to install efficient solar water heating systems in cold-region schools to improve students' hygiene, living and learning conditions while reducing firewood consumption and dependence on hydropower. Additionally, it aims to foster a conducive, healthy, and inclusive educational environment in high-altitude schools by reducing impacts on students' living and learning conditions.

Project Outcomes

- Enhanced access to hot water for washing and hygiene in 17 targeted schools across the country.
- Improved health, hygiene, well-being and attendance of students.
- Reduced firewood use.

Project Benefits

The SWHS project benefits 6,712 students across 17 schools by improving hygiene, reducing cold-related illnesses, and supporting menstrual hygiene for girls. It is expected to increase attendance and learning outcomes, lower patient loads at health centers, and reduce household costs and environmental impact through reduced firewood use.



Enhancing Agriculture in Tsephu Village through Innovative and Climate-resilient Solar Irrigation Infrastructure



The project supports solar-powered irrigation as a sustainable solution to minimize water scarcity in Tsephu village in Punakha. It aims to produce clear evidence showing how solar lift irrigation effectively addresses irrigation challenges in water-rich mountainous areas. The project amounting to 14.95 million will play an important role in enhancing agricultural production, thus contributing to food security. The project is implemented by Dzongkhag Administration, Punakha

Project Outcomes

- Solar-lift irrigation installed and operationalized.
- Bylaws adopted to strengthen governance and water management.
- Community knowledge on resilient farming improved.
- Women and youth engaged in winter vegetable farming.
- Enhanced agricultural production and rural income reducing rural to urban migration.

Project Benefits

The main beneficiaries of this project will be the communities of Tsephu village, which covers 32 households with 127.34 acres of wet land and 28.81 acres of dry land. People will gain access to reliable irrigation, increased crop production, and the revival of abandoned farmland through the solar-lift irrigation system. The project will also educate the community, students and other stakeholders on the importance of resilient agricultural practices to conserve ancestral ‘Phazhing’ lands, protect ecosystems and use of natural resources sustainably. On the other hand, it will create opportunities for women, girls and boys to actively engage in farming, while contributing to food self-sufficiency at both community and national levels.



Gyalsung Environment Management (Waste Management Project)



The GEM project is being implemented to address the critical waste management needs of the four Gyalsung Academies (GAs) of Pemathang in Samdrup Jongkhar, Gyaltsholing in Mongar, Jamtsholing in Samtse, and Khotokha in Wangdue Phodrang, with academies planning to accommodate 24,000-25,000 residents from 2026. The total project cost amounts to Nu. 15 million, with the aim to achieve environmental conservation and maintain a healthy, hygienic environment through comprehensive, innovative practices like 3Rs (Reduce, Re-use, Re-cycle). It also aims to bring positive social impact by providing livelihood and employment opportunities for local communities surrounding the academies.

Project Outcome

- Cleaner and sustainable Gyalsung Academies through improved waste management and 3R practices.
- Increased awareness and positive waste management behavior among residents and communities.
- Establishment of waste collection facilities, drop-off centers, and compost pits for segregation and bio-mulch production.

- Training for over 100 participants on recycling, composting, and waste management.
- Enhanced youth and women's participation in waste-related initiatives and livelihood opportunities.
- Development of a replicable and efficient waste management model.

Project Benefits

The project covers a total area of about 3000 acres registered under the four Gyalsung Academies with the aim to manage the waste in the GAs through recycling the recovered waste to generate revenue while targeting to keep the environment clean in and around the campuses of the four GAs. It will directly benefit about 20,000 people including the resident population, youth undergoing Gyalsung training, faculties and administrative staff while the positive impact will directly ripple out to the local communities. The project ensures equal gender participation by separately consulting women's groups in all 13 neighboring communities, offering them initial funding for collection facilities, and encouraging group enterprise.



Solar Wellness for Monks



The Solar Wellness for Monks project is currently being implemented at the Serlung Goenzin Dhuedhey Lungtog Choeling Buddhist Institute in Paro, with a total fund support of Nu. 5.36 million from the Bhutan Trust Fund for Environmental Conservation (BTF). This initiative aims to transition the institute from its heavy reliance on firewood and conventional electricity to a sustainable, eco-friendly solar water heating system.

Project Outcome

- Enhance access to hot water for bathing needs.
- Improved cleanliness and hygiene of the monks.

- Reduction in energy bills.
- Reduction in the use of firewood.

Project Benefits

The project is expected to directly benefit more than 285 resident monks by ensuring reliable access to hot water and improving their overall health and well-being. In addition, the project will significantly reduce the institute's annual expenditure on firewood, currently estimated at Nu. 520,000, while contributing to Bhutan's broader environmental conservation and clean energy goals.



Zero Waste Initiative: Adopting Circular Solutions for Sustainable Waste Management in Dencchi Throm



The project aims to reduce waste through circular economy solutions, enhance resource efficiency and prioritize waste segregation, recycling and composting while minimizing environmental pollution and emission. BTF has provided fund support of Nu. 15 million for this initiative.

Project Outcomes

- Enhanced solid waste management systems.
- Adopted sustainable waste management practices.
- Strengthened waste management infrastructure.
- Enhanced stakeholder collaboration and engagement.

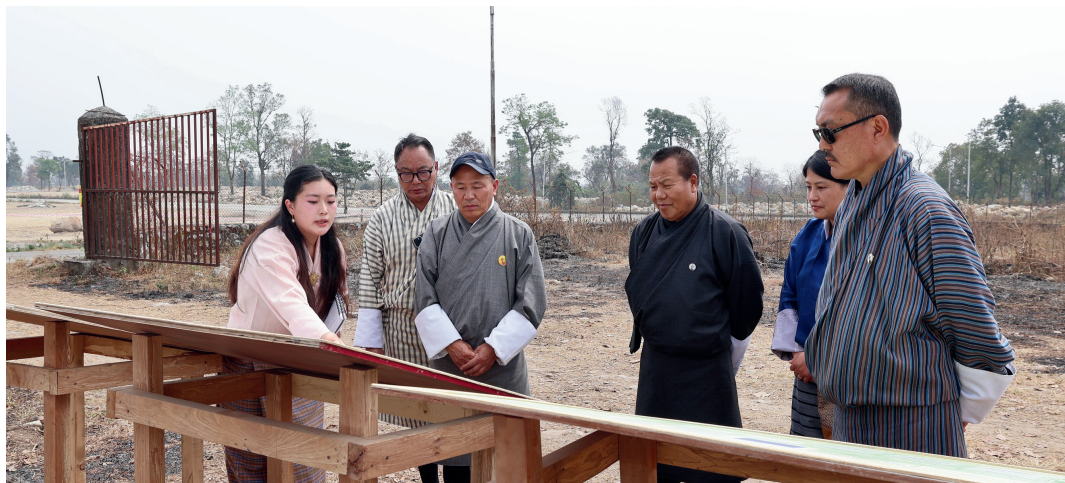
- Enhanced economic opportunities through waste management.
- Enhanced capacity building and documentation.

Project Benefits

Direct beneficiaries of this project include local community members, waste management workers and businesses through skills development, job creation, and sustainable waste infrastructure (recycling and composting facilities) which will improve environmental quality and public health in Dencchi Throm. Moreover, environmental groups and NGOs will gain support to promote circular economy practices and sustainable waste management through local consultations.



GMC Renewable Engineered Timber



This project is supported under BTF Large Grant funding window, amounting to Nu. 78.76 million (Nu. 31.5 million in 2025 & Nu. 47.26 million in 2026), and co-financed by His Majesty's Secretariat and the Department of Forest and Park Services. The project period is from January 2025 to January 2027.

The project aims to establish Bhutan's first industrial-scale engineered timber manufacturing facility in Gelephu Mindfulness City (GMC), with a designed output of 11,000 cubic meter per year of glulam and related products.

Project Outcomes

- Diversification of rural livelihoods through sustainable forest-based value chains, thereby enhancing the adaptive capacity of vulnerable communities.
- Reduction in national greenhouse gas emission through material substitution, i.e., replacing steel and cement with engineered timber, fostering innovative building solutions and long-term carbon sequestration in wood products.

- Driving research & development, promoting timber science & technology and contributing towards diversification, value-addition and optimization of forest resources.
- Strengthening of scientific forest management and ecological regeneration through structured reforest ratio, thinning, and sustainable harvesting protocols, and legitimising forest stewardship and certification.
- Institutionalization of green industrial policy integration under the legal and planning framework of the GMC, setting a precedent for conservation-compatible economics infrastructure.

Project Benefits

The project will directly benefit local communities, including farmers and youth cooperatives, through organized training, employment, and support in timber harvesting and processing. Indirectly, it will create opportunities for contractors and others linked to green construction and biomass industries. The project will create a high-impact model demonstrating conservation-compatible development, sustainable forest management, and climate resilience.



Sinking Fund

The Bhutan Trust Fund for Environmental Conservation (BTF) continues to strengthen Bhutan's climate resilience and conservation efforts through its role as a national and international implementing entity. As Bhutan's only accredited National Implementing Entity to the Adaptation Fund and Direct Access Entity to the Green Climate Fund, BTF is advancing locally led adaptation, water security, and

climate-resilient development initiatives across the country. Complemented by partnerships with organizations such as Adaptation Fund, Green Climate Fund, Conservation International and IUCN, these efforts collectively support sustainable land restoration, biodiversity conservation, and strengthened institutional capacity, contributing to Bhutan's long-term environmental and climate goals.

Donor/Partner	Project Title	Approved Amount (USD)	Location
Adaptation Fund	Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan	9,998,955.00	Paro, Dagana, Tsirang
Adaptation Fund	National Implementing Entity (NIE) Accreditation through the Readiness Package	149,818.25	RSPN
Adaptation Fund	Building Adaptive through Innovative Management of Pests/Disease and Invasive Alien Species (IAS) in Bhutan to Enhance Sustainable Agro-biodiversity and Livelihoods	250,000.00	Mongar
Adaptation Fund	Securing Water & Enhancing Climate Resilience in Thimphu (Rural) District in Bhutan	250,000.00	Thimphu
Green Climate Fund	Climate Adaptation, Resilience and Engagement in Local Governments (CARE-LG)	10,000,000.00	Nationwide
Conservation International	Afforestation and Reforestation of Degraded Forest Land	1,100,000.00	Nationwide
IUCN	Implementation of Green List in Bhutan	30,000.00	Protected Areas



Adaptation Fund

BTF is the country's sole National Implementing Entity (NIE) to the Adaptation Fund (AF). In 2018, BTF was accredited as 28th NIE under the Direct Access Modality of AF which allows developing nations to access climate finance and to design and implement projects related to climate change adaptation through national accredited institutions.

BTF has secured approval for a locally-led adaptation (LLA) project titled "Securing Water and Enhancing Climate Resilience in Thimphu (Rural) District in Bhutan," making Bhutan among three countries to secure funding under the AF's new LLA Funding Window .

Through the NIE Readiness Support Project, BTF supported the accreditation process of the 2nd NIE of Bhutan with a

fund support USD 149,818.25 to Royal Society for Protection of Nature (RSPN).

Following are the projects of the Adaptation fund:

1. Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan.
2. National Implementing Entity (NIE) Accreditation through the Readiness Package.
3. Building Adaptive through Innovative Management of Pests/Disease and Invasive Alien Species (IAS) in Bhutan to Enhance Sustainable Agro-biodiversity and Livelihoods.
4. Securing Water & Enhancing Climate Resilience in Thimphu (Rural) District in Bhutan.





Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan



The project accomplished significant achievement particularly on advancing water and climate-related interventions in the project sites of 13 gewogs, located across 3 Dzongkhags of Paro (Dhopshari, Luni, Lamgong, Doteng, Tsento, Shaba, Wangchang), Tsirang (Semjong, Tsirangtoe, Phuentenchhu), and Dagana (Drujeygang, Lajab, Tshangkha). The project successfully delivered sensitization programs on agro-

meteorological services to beneficiary communities, engaging a total of 130 participants. Of these, 69 were women, accounting for approximately 53% of the participants, reflecting a strong emphasis on gender inclusion. This helped ensure that the voices, perspectives, and needs of women were meaningfully integrated into climate adaptation planning and decision-making processes.

Building Adaptive through Innovative Management of Pests/Disease and Invasive Alien Species (IAS) in Bhutan to Enhance Sustainable Agrobiodiversity and Livelihoods



The project made significant progress across all key indicators in 2025 by expanding Giant African Land Snail (GALS) trap installations to 90 locations in Mongar, training 171 community members (113 women and 58 men), and initiating weekly monitoring using improved bait alternatives. Progress was also made in strategy development and modeling through stakeholder consultations, while capacity-building efforts exceeded the target by training 99 officials. Awareness programs in Mongar and Lhuentse actively engaged youth and communities, with students from Sherubtse College, the College of Natural Resources, and the College of Science and Technology, producing videos on innovative approaches to managing Invasive Alien Species (IAS).



Climate Adaptation, Resilience and Engagement in Local Governments (CARE-LG)



Green Climate Fund (GCF) is the world's largest climate finance mechanism, that provides funding for both climate mitigation and adaptation projects in developing nations, aligning with the Paris Agreement. The GCF's country driven approach is achieved in Bhutan through BTf which is accredited as a Direct Access Entity (DAE). This allows BTf to directly manage GCF resources, such as the USD 10 million Climate Adaptation, Resilience and Engagement in Local Government (CARE-LG) project which was approved in July 2024.

Under the capacity-building efforts of the project, 101 Dzongkhag officials and 473 Gewog officials were trained, alongside 20,199 community members, out of which 56% were female.

The Adaptation Plan of 60 Gewogs were selected out of the 120 proposal received. The selected 60 Gewogs will start implementing the adaptation interventions from July 2026 with fund support from the GCF.



Conservation International: Afforestation and Reforestation of Degraded Forest Land



The project is being implemented in partnership with Bhutan Ecological Society and with fund support from Conservation International through the Mountains to Mangroves Initiative. More than 53,500 native trees were planted in 2025 covering 10 Western Dzongkhags, in collaboration

with Department of Forests and Park Services, Bhutan Youth Development Fund and Zhung Dratsang. The project aims to restore degraded areas in the country, support ecological recovery, community engagement, and sustainable forestry aligned with national conservation goals.

IUCN: Implementation of Green List in Bhutan

The implementation of the IUCN Green List in Bhutan progressed through a coordinated approach with a total funding support of USD 30,000. Adapted indicators for the Green List were shared with the Expert Assessment Group for the Green List (EAGL) and uploaded to the Conservation Outcomes and Management Performance Assessment System (COMPASS) by the Implementing Agency (IA), that is, BTF, and submitted to the Reviewer and IUCN for approval. Site managers and focal points carried out data collection and self-assessments, while the

Nature Conservation Division (NCD), serving as the site focal agency, coordinated the preparation of the dossiers with technical support from members of the EAGL. Capacity-building support was also provided to site focal points through training on the COMPASS platform. In addition, the site assessment process, including the first jurisdiction review meeting and verification of the proposed Green List sites by the Green List Committee in collaboration with IUCN, EAGL, and IA was successfully completed and submitted.

BTF Key Events





BTF Received the 2025 Jigme Singye Wangchuck Outstanding Environmental Stewardship Award



In 2025, the Bhutan Trust Fund for Environmental Conservation (BTF) received the prestigious Jigme Singye Wangchuck Outstanding Environmental Stewardship Award, conferred by Her Royal Highness Ashi Chimi Yangzom Wangchuck, the Royal Patron of the Bhutan Ecological Society.

BTF received the award in recognition of its longstanding contributions to environmental conservation, biodiversity protection, and climate resilience in Bhutan. Established under the visionary environmental leadership of His Majesty the Fourth Druk Gyalpo Jigme Singye Wangchuck, BTF had played a pivotal role in supporting Bhutan's Protected Areas system and financing critical conservation initiatives nationwide for more than 30 years.

As the world's first environmental trust fund, BTF had consistently supported efforts to strengthen ecosystem conservation, sustainable natural resource management, climate adaptation, and community-based environmental initiatives across the country. The recognition also reflected BTF's continued role in mobilizing and managing climate and conservation financing to support Bhutan's national environmental priorities.

The award further recognized BTF's leadership as Bhutan's only organization accredited to both the Green Climate Fund and the Adaptation Fund, enabling transformative programmes that strengthened biodiversity conservation and climate resilience for vulnerable communities and ecosystems.



Internship Program: Empowering Youth for the Future



Bhutan Trust Fund for Environmental Conservation (BTF) runs an internship program to promote youth engagement and empowerment. The program offers interns a combination of hands-on experience and learning through direct interaction across various services and units of the organization. The program offers two internship pathways: one aligned with academic requirements and the other based on individual learning interests.

Between 2024 to 2025, a total of 42 interns were inducted from various universities and schools, representing varied academic backgrounds. The internship duration usually ranges from 1 to 2 months, depending on college requirements or secretariat needs. Interns undergo an orientation, after which work plans are developed and placements are made in different Services based on their interest.

To ensure effective learning, each intern is assigned with a mentor or supervisor within the respective Services to guide and support both professional and personal development, helping them gain a clear understanding of their roles and responsibilities. Through this structured approach, interns are equipped with valuable knowledge, strengthening both technical and soft skills relevant to their future careers.

At the end of internship period, feedback are collected from interns and for the 2024-2025 fiscal year, response was satisfactorily positive and encouraging, with many emphasizing the benefits of practical exposure, mentorship, and engagement with organization's work culture. Survey results indicated that 100% of the interns reported that the program significantly contributed to their professional & personal growth, career preparedness, and academic learning.



BTF Regional Sensitization Workshops Across Eastern and Southern Bhutan

The Bhutan Trust Fund for Environmental Conservation (BTF) conducted a series of Regional Sensitization and Project Partners Workshops across Eastern and Southern Bhutan in 2025, aimed at strengthening understanding of its funding windows, proposal and reporting requirements, and aligning local priorities with national conservation goals.

The Eastern Regional Workshop, held in Trashigang in April 2025, brought together Dzongkhag Planning Officers, Gewog Administrative Officers (GAOs), and project partners from Trashigang, Trashi

Yangtse, Mongar, Lhuentse, Samdrup Jongkhar, and Pemagatshel.

Building on this, the Southern Regional Sensitization Workshop was conducted in Phuntsholing in May 2025, covering Chhukha, Samtse, Sarpang, Dagana, and Zhemgang.

These workshops facilitated meaningful exchanges, strengthened partnerships, and reinforced coordinated efforts to advance conservation and climate resilience across both the regions.





World Environment Day 2025: “Beat Plastic Pollution”



“From classrooms to clean-ups, youth are leading the way in conservation.”

Bhutan Trust Fund for Environmental Conservation (BTF) in collaboration with Tsangkha Middle Secondary School, observed the World Environment Day 2025 with the theme “Beat Plastic Pollution,” on 5th June, 2025. The event was also attended by local government officials of the three Gewogs of Lajab, Tsangkha and

Drukjeygang under Dagana Dzongkhag.

The school conducted art and essay competitions amongst various classes on the theme “Beat Plastic Pollution.” The winners were awarded environmentally friendly prize items supported by the BTF. All the participants joined a garbage collection drive around Tsangkha Lake, reinforcing the role of youth in environmental stewardship.

Audited Annual Financial Statements





TSHECHU & ASSOCIATES
EMPANELLED with RAA
F-01, First Floor, TBank ATM Building,
Jungzhina - Taba Road, Thimphu

INDEPENDENT AUDITORS' REPORT

The Managing Director
 Bhutan Trust Fund for Environmental Conservation
 Thimphu, Bhutan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bhutan Trust Fund for Environmental Conservation Secretariat (BT FEC), which comprise the Balance Sheet as at 30 June 2025 and the Statement of Financial Performance, Statement of Changes in Net Assets/Equity and Statement of Cash Flows for the period then ended, and Schedules to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at 30 June 2025, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS). The entity has elected to apply the three-year transitional relief under IPSAS 33 in relation to the recognition and presentation of cumulative foreign currency translation differences and accounting of **Property, Plant and Equipment**. Management has indicated its commitment to achieving full compliance with all relevant requirements of IPSAS 4 by the end of the transitional period.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the BT FEC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





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Emphasis of Matter

We draw attention to the *Audit Findings and Recommendations* section included at the end of this report, which describes matters that came to our attention during the course of our audit:

1. Non-compliance with IPSAS 4 – Foreign Currency Translation

The entity has incorrectly recognized foreign exchange differences directly in Net Assets/Equity instead of in surplus or deficit. In addition, non-monetary items such as Property, Plant and Equipment (PPE) have been translated using closing exchange rates rather than historical exchange rates, resulting in improper recognition of exchange differences and misstatement of asset values. Furthermore, exchange differences arising on monetary items have not been recognized in surplus or deficit.

2. Improper Accounting for Property, Plant and Equipment

The entity has:

- Incorrectly accounted for foreign currency translation of PPE; and
- Failed to recognize gains or losses on derecognition of assets.

These matters indicate departures from International Public Sector Accounting Standards which are material to the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the BT FEC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the BT FEC or to cease operations, or has no realistic alternative but to do so.





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Those charged with governance are responsible for overseeing the BTFEC's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or override of internal control;
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the BTFEC's internal control;
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of Accounting estimates and related disclosures made by management;
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the BTFEC's ability to continue as going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the BTFEC to cease to continue as a Going concern; and





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- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to the public interest benefits of such communication.

For Tshechu & Associates
Certified Practising Accountants
Firm Empanelment No: BH - 07

Tshechu, CPA

(Membership No. 9798359)

Managing Partner

Place: Thimphu

Dated: | 3/5/2016





BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION
Statement of Financial Performance for the Fiscal Year Ending 30 June, 2025

			USD (rounded)	
	<i>Schedule</i>	30 June 2025	30 June 2024 (Restated)	1 July 2023 (Restated)
REVENUE				
Interest & Dividend	12	1,956,367	1,639,102	1,379,496
Net Capital Gain/(Loss) Realized		2,370,036	1,487,416	(838,836)
Unrealized Gain/(Loss) from Investment	13	2,706,255	2,215,507	-
Revenue Non-Exchange Transactions	14	382,864	78,510	22,582
Miscellaneous (Net)		1,518	307,648	(304,187)
TOTAL REVENUE		7,417,040	5,728,182	259,055
EXPENDITURE				
Secretariat Operation Expenses	15	748,790	534,754	252,914
Program Expenses	16	880,982	657,148	960,809
Fund Management Expenditure	17	288,227	303,596	274,559
Depreciation on Fixed Assets	6	76,075	54,196	29,623
BTF Advocacy and Publicity		45,136	56,341	16,533
TOTAL EXPENDITURE		2,039,209	1,606,035	1,534,437
Surplus/(Deficit) for the period		5,377,831	4,122,147	(1,275,383)
Prior Periods' Adjustments		0	-	-
Net Surplus/(Deficit) for the period		5,377,831	4,122,147	(1,275,383)

Notes on Financial Statements forms integral part of

For Tshechu & Associates
 Certified Practising Accountant
 Firm Empanelment No. BH - 07


 Tshechu, FCPA (AUST)
 Membership No. 9798359
 Managing Partner
 Place: Thimphu
 Date: 13/8/2025



For Bhutan Trust Fund for Environmental Conservation


 Managing Director
 Secretariat

 Chief Financial Officer
 Secretariat



BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION

Statement of Financial Position as on 30 June 2025

			USD (rounded)	
	Schedule	30 June 2025	30 June 2024 (Restated)	1 July 2023 (Restated)
ASSETS				
<i>Current Assets</i>				
Cash in Hand & Bank	1	845,625	235,573	3,638,577
Receivables and Prepayments	2	295,605	16,496	226,917
Fund Balances	3	2,770,067	2,696,667	188,871
Total Current Assets		3,911,297	2,948,736	4,054,365
<i>Non-Current Asset</i>				
Investment at Fair Value	4	83,941,578	79,670,319	76,426,689
Program Related Investments (PRI)	5	544,515	405,571	405,569
Property, Plant & Equipment	6	1,671,613	1,678,694	1,177,827
Intangible Asset (Right-of-use land, Infinite)		1	1	1
Total Non-Current Asset		86,157,708	81,754,585	78,010,085
TOTAL ASSETS		90,069,005	84,703,321	82,064,450
LIABILITIES				
<i>Current Liabilities</i>				
Expenses Payable	7	44,433	143,486	277,565
Recoveries/Remittances	8	12,095	23,241	102,338
Sinking Fund (Refundable)	9	3,623,988	3,008,434	3,932,406
RSPN Endowment Fund		3,108,079	3,323,289	3,257,460
Total Current Liabilities		6,788,595	6,498,449	7,569,768
<i>Non-Current Liabilities</i>				
Provision for Retirements Benefits	10	60,641	50,404	40,116
Total Non-Current Liabilities		60,641	50,404	40,116
TOTAL LIABILITIES		6,849,236	6,548,853	7,609,885
NET ASSETS/EQUITY				
Capital Contributions	11	21,578,082	21,578,082	21,578,082
Translation Reserve		(4,783,343)	(4,470,813)	(4,048,569)
Accumulated Surplus/(Deficit)		61,047,199	56,925,052	58,200,435
Surplus/(Deficit) for the period		5,377,831	4,122,147	(1,275,383)
Total Capital & Reserves		83,219,769	78,154,468	74,454,566
TOTAL LIABILITIES, CAPITAL & RESERVES		90,069,005	84,703,321	82,064,450

Notes on Financial Statements forms integral part of Accounts.

For Tshechu & Associates

Certified Practising Accountant
Firm Empanelment No. BH - 07Tshechu, FCPA (Aust.)
Membership No. 9798359

Managing Partner

Place: Thimphu

Date: 13/5/2024



For Bhutan Trust Fund for Environmental Conservation

Managing Director
SecretariatChief Financial Officer
Secretariat

**BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION****Statement of Net Assets/Equity (IPSAS Accrual)**

for the fiscal year ended 30 June 2025

USD (rounded)

	Attributable to owners of the controlling entity					
	Contributed Capital	Other Reserve	Translation Reserve	Accumulated Surpluses/ (Deficits)	Total Surplus/ (Deficit)	Total Net Assets/Equity
Balance at June 30, 2023	21,578,082	2	(4,049,688)	46,963,834	42,914,148	64,492,230
Changes in accounting policy/Prior period adjustments	-	(2)	1,119	9,961,219	9,962,336	9,962,336
Surplus for the period					-	-
Restated balance	21,578,082	-	(4,048,569)	56,925,053	52,876,484	74,454,566
Changes in net assets/equity for 2023-24						
Exchange differences on translating foreign operations	-		(422,244)	-	(422,244)	(422,244)
Net revenue recognized directly in net assets/equity					-	-
Surplus for the period				4,122,147	4,122,147	4,122,147
Total recognized revenue and expense for the period						
Balance at June 30, 2024 carried forward	21,578,082	-	(4,470,813)	61,047,200	56,576,387	78,154,469
Changes in net assets/equity for 2024-25						
Loss on property revaluation					-	-
Gain on revaluation of investments					-	-
Exchange differences on translating			(312,530)		(312,530)	(312,530)
Net revenue recognized directly in net					-	-
Surplus for the period				5,377,831	5,377,831	5,377,831
Total recognized revenue and expense for						
Balance at June 30, 2025	21,578,082	-	(4,783,343)	66,425,030	61,641,688	83,219,770

*Notes on Financial Statements forms integral part of Accounts.***For Tshechu & Associates**Certified Practising Accountant
Firm Empanelment No. BH - 07Tshechu, FCPA (Audit)
Membership No. 9798359
Managing Partner
Place : Thimphu
Date : 13/08/2025**For Bhutan Trust Fund for Environmental Conservation**Managing Director
SecretariatChief Financial Officer
Secretariat



Statement of Cash Flows (IPSAS Accrual – Indirect Method)
For the fiscal year ended 30 June 2025

USD (rounded)

	30 June 2025	30 June 2024 <i>(Restated)</i>	1 July 2023 <i>(Restated)</i>
Cash flows from operating activities			
Surplus/(Deficit) for the year	5,377,831.09	4,122,147.26	(1,275,382.63)
<i>Adjustments for:</i>			
Unrealized (Gain)/Loss from Investments (reversed)	(2,706,255.28)	(2,215,506.50)	-
Depreciation on Fixed Assets	76,074.65	54,196.06	29,622.79
<i>Changes in working capital:</i>			
(Increase)/Decrease in Receivables & Prepayments	(279,109.84)	210,421.79	271,230.66
(Increase)/Decrease in Fund Balances	(73,399.89)	(2,507,796.08)	222,031.41
Increase/(Decrease) in Expenses Payable	(99,052.81)	(134,079.13)	254,764.65
Increase/(Decrease) in Recoveries/Remittances	(11,145.72)	(79,096.98)	88,362.74
Increase/(Decrease) in Sinking Fund (Refundable)	615,554.74	(923,972.17)	3,887,832.92
Increase/(Decrease) in RSPN Endowment Fund	(215,210.01)	65,828.66	1,371,331.17
Increase/(Decrease) in Provision for Retirement Benefits	10,237.30	10,287.53	40,116.38
Net cash provided by/(used in) operating activities	2,695,524.23	(1,397,569.56)	4,889,910.09
 Investing activities			
Purchase of Property, Plant & Equipment.	(68,993.81)	(555,063.34)	(941,861.91)
Net (Purchase)/Sale of Investment Portfolio (balancing figu	(2,016,478.54)	(1,450,371.02)	(480,751.95)
Net cash provided by/(used in) investing activities	(2,085,472.35)	(2,005,434.36)	(1,422,613.86)
 Financing activities			
Capital Contributions received	-	-	49,747.98
Net cash provided by/(used in) financing activities	-	-	49,747.98
 Net increase/(decrease) in cash and cash equivalents	610,051.88	(3,403,003.92)	3,517,044.21
Cash and cash equivalents at beginning of year	235,573.29	3,638,577.21	121,533.00
Cash and cash equivalents at end of year	845,625.17	235,573.29	3,638,577.21

Notes on Financial Statements forms integral part of Accounts.

For Tshechu & Associates
 Certified Practising Accountant
 Firm Empanelment No. BH - 07

Tshechu, FCPA (Aust.)
 Membership No. 9798359
 Managing Partner
 Place : Thimphu
 Date : 13/5/2026



For Bhutan Trust Fund for Environmental

Managing Director
 Secretariat
Chief Financial Officer
 Secretariat



Bhutan Trust Fund for Environmental Conservation

Notes to the Financial Statements

For the year ended 30 June 2025

(with comparative information for the year ended 30 June 2024)

1. Background and Nature of the Organization

The **Bhutan Trust Fund for Environmental Conservation (BTF)** was established in 1991 as a not-for-profit organization and was granted a Royal Charter in 1996 (revised in 2021), which defines its legal status and governance framework as a public benefit entity. BTF's core mandate is to provide sustainable financing for environmental conservation in Bhutan, with a focus on biodiversity conservation, human-wildlife coexistence, and climate change mitigation and adaptation. The Fund is governed by a seven-member Board of Trustees, with the Managing Director serving as the head of the Secretariat and is supported by the Asset Management Committee and the Audit and Governance Committee. In line with its Investment Policy Statement (IPS), over 80% of the investment portfolio is allocated to offshore financial markets, predominantly in the United States of America, with the balance invested domestically. The offshore portfolio is managed by Arbor Group through UBS Financial Services Inc., USA. BTF is exempt from income tax in Bhutan and qualifies for tax-exempt status in the United States under Section 501(c)(4) of the Internal Revenue Code.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Bhutan Trust Fund for Environmental Conservation (BTF) have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) on the accrual basis of accounting. These are the first financial statements prepared under full accrual basis IPSAS, with the transition date of **1 July 2023** in accordance with **IPSAS 33 First-time Adoption of Accrual Basis IPSASs**.

The financial statements are presented in United States Dollars (USD), which is the **presentation currency**. The **functional currency** of BTF is the Ngultrum (BTN), as it is the currency of the primary economic environment in which BTF operates in Bhutan (**IPSAS 4.9-19**).

The financial statements have been prepared on a going concern basis.

2.2 First-Time Adoption of Accrual Basis IPSAS

The BTF adopted accrual basis IPSAS for the first time in the financial statements for the year ended 30 June 2025. In accordance with **IPSAS 33**, comparative information is presented for the year ended 30 June 2024, with the transition date being 1 July 2023.

All required assets and liabilities have been recognized, prohibited items derecognized, items reclassified, and assets and liabilities remeasured in accordance with the relevant IPSAS (including IPSAS 41 Financial Instruments, IPSAS 45 Property, Plant and Equipment, IPSAS 43 Leases, IPSAS 39 Employee Benefits, IPSAS 4 The Effects of Changes in Foreign Exchange Rates, and IPSAS 23 Revenue from Non-Exchange Transactions).

BTF has elected the three-year transitional relief available under **IPSAS 33 First-time Adoption of Accrual Basis IPSASs** in respect of the presentation of cumulative foreign currency translation





differences. This transitional relief provides additional time to fully align the foreign currency translation accounting during the initial adoption phase.

2.3 Statement of Cash Flows

The Statement of Cash Flows is presented using the indirect method in accordance with IPSAS 2, Cash Flow Statements. Non-cash items, such as depreciation and unrealized fair value movements, have been adjusted in arriving at net cash flows from operating activities.

The Statement of Cash Flows was prepared by analyzing the Statement of Financial Performance and the comparative Statements of Financial Position for the years ended 30 June 2025, 2024, and 2023. All figures are presented in USD and rounded as in the original financial statements.

2.4 Financial Assets – Equity and Debt Securities

2.4.1 : Initial Recognition

Financial assets within the scope of IPSAS 41, comprising equity securities and debt securities (including US Treasury bills, US Treasury bonds, and other investment-grade bonds/bills), are initially recognised at fair value on the date the entity becomes a party to the contractual provisions of the instrument. Transaction costs that are directly attributable to the acquisition of the financial asset are expensed immediately in surplus or deficit.

2.4.2 : Classification and Subsequent Measurement

The entity classifies and measures all its equity securities and debt securities at **fair value through surplus or deficit (FVTSD)**.

- **Equity securities** Equity investments are measured at fair value through surplus or deficit in accordance with **IPSAS 41.42**. The entity has not elected to present subsequent changes in fair value of any equity instruments in net assets/equity (see IPSAS 41.106).
- **Debt securities** Debt instruments are measured at fair value through surplus or deficit in accordance with **IPSAS 41.42**. Although these instruments meet the SPPI test, the entity's management model for these portfolios does not qualify them for measurement at amortised cost or fair value through net assets/equity. Alternatively, they have been designated at FVTSD under the fair value option where applicable (IPSAS 41.44).

All financial assets in this category are subsequently measured at fair value at each reporting date.

2.4.3 : Recognition of Gains, Losses, Interest and Dividends

Gains and losses arising from changes in the fair value of equity and debt securities classified as FVTSD are recognised in the **Statement of Financial Performance (Surplus or Deficit)** in the period in which they arise (IPSAS 41.101).

Interest income on debt securities is calculated using the effective interest method and is recognised in surplus or deficit as part of investment income. Dividends received on equity securities are recognised in surplus or deficit when the entity's right to receive payment is established (IPSAS 41.107).



2.4.4 : Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when the entity transfers substantially all the risks and rewards of ownership of the asset (IPSAS 41.74–81). Gains or losses on derecognition are recognised in surplus or deficit.

2.4.5 : Presentation

All fair value gains and losses on equity and debt securities are presented within the **Statement of Financial Performance** under “Net gains/(losses) on financial assets at fair value through surplus or deficit” or as part of investment income, as appropriate.

2.4.6 : Investment Portfolio Treatment

The consolidated investment portfolio balance of USD 66,418,248.57 as at 30 June 2023 was restated to its fair value of USD 76,426,688.53 effective 1 July 2023. This adjustment of USD 10,008,439.96 arose primarily from the change in accounting policy to fair value measurement and other related adjustments. The most significant impact occurred in the Onshore Portfolio, which increased by USD 8,023,136.66. The restated closing balance as at 30 June 2024 was USD79,670,318.74, representing a year-on-year increase of 19.96% from the original 30 June 2023 balance.

The Offshore Portfolio continues to represent most of the investment holdings at USD 67,141,523.41 as at 30 June 2024.

Investment reconciliation Statement as at 30 June 2024	
Opening Investment at cost as on 30/6/2023	66,418,248.57
Opening Fair Value Adjustment onshore 1/7/2023	8,023,136.66
Fair Value Adjustment offshore	2,124,412.04
Re-Classified Money Market Adjustment 30/06/2023	-139,108.74
Restated opening balance	76,426,688.53
Decrease in Onshore Portfolio Value as of 30 June 2024	(1,192,288.43)
Increase in Offshore Portfolio Value as of 30 June 2024	4,435,918.63
Closing balance as per the restated statement	79,670,318.74
Closing balance as per Financial Statement	79,670,318.74

Diminution or appreciation in market value is now reflected through fair value adjustments under IPSAS 41. No separate provision for impairment is recognized, as fair value measurement incorporates expected credit losses where applicable.

In accordance with the Investment Policy and Guidelines 2009 (revised 2024), the Bhutan investment ceiling is 20% of the total portfolio.

2.5 Property, Plant and Equipment

BTF has adopted the **current value model** for its entire class of Property, Plant and Equipment in accordance with **IPSAS 45 Property, Plant and Equipment**, paragraph 27.





An item of Property, Plant and Equipment is initially measured at cost (**IPSAS 45.24–26**). Subsequent to initial recognition, the current value model is applied.

Depreciation is calculated using the **straight-line method** over the estimated useful lives of the assets after deducting the residual value determined for each individual asset. These policies on useful lives, residual values, method, and rates are applied consistently (**IPSAS 45.50, 55, 59**). Depreciation is charged in the functional currency (Ngultrum). The resulting carrying amounts and depreciation charge are translated into the presentation currency (USD) in accordance with the foreign currency translation policy disclosed in Note 2.11.

Depreciation of an asset begins when it is available for use and continues until the asset is derecognized (**IPSAS 45.55–56**). A full year's depreciation is charged on assets acquired during the year. No depreciation is charged in the year of disposal.

The depreciation rates and useful lives applied are as follows:

Asset	Annual Rate of Depreciation	Estimated Useful Life	Estimated Residual Value
Land	N/A	Infinite (<i>right-of-use</i>)	N/A
Buildings	2%	50 years	10%
Computer Software	20%	5 years	0%
Furniture & Equipment	20%	5 years	5%
Vehicles	20%	5 years	10%

This depreciation accounting is applied in accordance with **IPSAS 45 Property, Plant and Equipment**.

2.6 Program Related Investments (PRI)- Recoverable Grants:

Project-Related Investment (PRI) is a funding window of the BTF that supports larger-scale, capital-intensive projects involving significant infrastructure, equipment, or long-term investments aimed at environmental conservation, biodiversity protection, climate resilience, and sustainable natural resource management in Bhutan.

The PRI is granted with “minimal or no interest” and is operated under a “revolving fund” mechanism. The fund granted is treated as a “recoverable grant”. This allows the funds to be recycled and reused for similar conservation initiatives upon successful completion and recovery as per the terms of the grant agreement.

At BTF, PRI grants are treated as an “asset” in the books of the Fund. Any interest income generated from PRI is ploughed back into the revolving fund as part of the fund corpus and treated as revenue.

During the years, the BTF funded PRI projects amounting to Nu.12.0 million (past years: Nu.33.5 million) for the “Establishment of manufacturing Egg Trays from Waste Papers (upcycling waste papers). These funds have been utilized for eligible project-related capital expenditures and associated activities in accordance with the BTF grant agreement.

The projects are subject to monitoring, reporting, and audit requirements as stipulated by BTF guidelines.



2.7 Recognition of Right-of-Use Asset

The 0.77-acre land located at Genyen Lam, Southwest Thimphu (near Nazhoen Pelri) is held under a **concessionary lease** from the Royal Government of Bhutan (RGoB). BTF is not required to pay any rent. In accordance with **IPSAS 43 Leases**, a right-of-use (ROU) asset has been recognized. However, because no active market exists for this specific government-restricted land and reliable fair value cannot be determined without undue cost or effort, the asset is recognized at a **nominal value of USD 1.22** (representing a token book entry only) in compliance with the cost practical expedient permitted under IPSAS 43.76–78 for concessionary leases where fair value is not readily measurable.

12.7.2: Measurement Basis

Component	Basis
Initial measurement	Nominal value of USD 1.22
Reason	Fair value cannot be reliably measured due to redemption right retained by RGoB and absence of comparable market transactions
Compliance	IPSAS 43.76 (cost practical expedient for concessionary leases)

2.7.3 : Restrictions on Use and Control

BTF does not have full control over the asset, as legal ownership remains with the RGoB. The RGoB retains the overriding right to **redeem the land at any time** without compensation to BTF. This redemption right significantly limits BTF's ability to derive future economic benefits or service potential from the asset on a long-term basis. Accordingly, the nominal recognition of USD 1.22 is not indicative of market value and is solely for book-keeping completeness.

2.7.4 : Disclosure of Redemption Risk (IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets)

Because the RGoB may redeem the land at any time without notice or compensation, BTF has no enforceable right to continued use beyond the current reporting period. This represents a contingent loss of the right-of-use asset, which is disclosed as a contingent liability (or a contingent reduction in asset value) in accordance with IPSAS 19. However, as no present obligation exists, no provision is recognized.

2.7.5 : Alternative Treatment Considered

The alternative treatment under IPSAS 23 (non-exchange transactions) would require recognition at fair value with corresponding revenue. However, due to the redemption right held by RGoB and the absence of a reliable fair value, that approach was not applied. The nominal value method is considered the most prudent and faithful representation under the circumstances.

2.8 Sinking Fund (Refundable)

The Sinking Funds (Refundable) are project fund received from external climate financing agencies and represents amounts set aside by the fund for specific future obligations, including project commitments, other contractual requirements. These funds are accumulated periodically in accordance with agreed terms and conditions. The Fund is classified as refundable in nature, as the balance may be returned to donors, or relevant parties upon fulfillment, non-utilization, or termination of the underlying





agreement. Accordingly, the Sinking Fund (Refundable) is recognized as a liability in the Statement of Financial Position, as the Fund does not have unconditional control over these resources.

As at 30 June 2025, the Organization continued to implement several donor-funded projects focused on climate change adaptation, resilience building, biodiversity conservation, and sustainable livelihoods in Bhutan.

During the two financial years ended 30 June 2025, the Organization incurred total expenditure of USD. 4,180,280 on these projects (USD 843,680 in FY 2023-24 and Nu. 3,336,600 in FY 2024-25). This represents a significant increase in implementation activities, particularly during FY 2024-25.

The total opening balance as 1 July 2023 was USD3,932,406. After accounting for additional funds received during the period and the expenditure incurred, the closing balance as at 30 June 2025 stood at USD3,623,988, comprising Project Funds of USD3,423,183 and Entity Fees of USD200,805.

Major projects contributing to the expenditure include the Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan (Adaptation Fund), which recorded expenditure of USD 3,583,814 over the two years, and the Building Adaptive Capacity through Innovative Management of Pests/Disease and Invasive Alien Species project. New funding received during the period supported the CARE-LG Climate Adaptation and Resilience Engagement in Local Governments (closing balance USD 536,616) and Afforestation and Reforestation of Degraded Forest Land (closing balance USD 232,861).

All project funds are restricted in nature and have been utilized in accordance with the respective donor agreements. Entity fees represent administrative charges earned by the BTF as the implementing entity.

Table below show sinking funds received, funds disbursed to executing entities and expenditure incurred during the FY2023-24 and FY2024-25:

Project Name / Component	Donor	Type	Opening Balance in (1.07.2023)	Expenditure Incurred during FY2023-24	Expenditure Incurred FY2024-25	Closing Balance (30 June 2025) Refundable / Recognized
Climate Investment Fund	CIF	Project Fund	3,811	85		3,613
Building Adaptive through Innovative Management of Pests/Disease and Invasive Alien Species (IAS) in Bhutan to Enhance Sustainable Agro-biodiversity and Livelihoods	AF	Project Fund	207,244	41,699	24,592	61,258
		Entity Fees	7,000		344	6,034
Adaptation to Climate-induced Water Stresses through Integrated Landscape Management in Bhutan	AF	Project Fund	3,449,953	748,316	2,835,498	2,487,110
		Entity Fees	131,902	14,542	157,221	93,567
Accreditation through the	AF	Project Fund	-		56,196	74,487



Readiness Package in Bhutan (RSPN)		Entity Fees	-			11,737
International Union for Conservation Network	IUCN	Project Fund	109			4,139
UN Capital Development Fund (UNCDF)	UNCD F	Project Fund	67,664			23,099
GCF Readiness Grant	GCF	Project Fund	64,724	39,037	112,242	-
GCF		NIE				89,468
CARE-LG-Climate Adaptation and Resilience Engagement in Local Governments		Project Fund	-		-	536,616
		Entity Fees	-		92,625	
Afforestation And Reforestation Of Degraded Forest Land	CI	Project Fund			57,882	232,861
		Entity Fees			-	-
Total - Project Funds			3,793,504	829,138	3,086,410	3,423,183
Total - Entity Fees			138,902	14,542	250,190	200,805
Grand Total			3,932,406	843,680	3,336,600	3,623,988

2.9 Post-Retirement Benefits

Gratuity and separation schemes have transitioned from a cash basis to an accrual basis under IPSAS 39, Employee Benefits. This resulted in a prior-period liability increase of USD 50,404 and a corresponding adjustment to opening net assets/equity. Long-term benefits are measured annually using the Projected Unit Credit method. The present value of the defined benefit obligation is recognized as a liability, with subsequent changes recognized in surplus or deficit.

The movements of Defined Benefit Obligation (unfunded) are summarized as follows:

Description	FY2024-25 Gratuity	FY2024-25 Separation	FY2024-25 Total	FY2023-24 Gratuity	FY2023-24 Separation	FY2023-24 Total
Opening DBO	39,595	11,458	51,053	31,759	8,357	40,116
Current service cost	6,279	2,761	9,040	5,760	2,522	8,282
Net interest cost	2,636	764	3,400	2,187	576	2,763
Re-measurements	(340)	(28)	(368)	(111)	3	(108)
Benefits paid	-	-	-	-	-	-
Closing DBO / Net liability	48,170	14,954	63,124	39,595	11,458	51,053
Year-end revaluation	(1,936)	(547)	(2,483)	(514)	(135)	(649)
Carrying Amount	46,234	14,407	60,641	39,081	11,323	50,404

2.10 Capital Contributions





Capital contributions from the Human Wildlife Conflict Endowment Fund, received as donations in foreign currency over multiple periods, have been restated for prior years in accordance with IPSAS 23 (paragraph 42 – initial measurement at fair value; paragraph 44 – recognition when control is obtained and conditions are satisfied). This restatement has been applied retrospectively in accordance with IPSAS 3, paragraph 27, resulting in an increase to net assets/equity by USD [amount to be inserted by management] in the prior year. Contributions were translated using the spot exchange rates at the dates control was obtained, in accordance with IPSAS 4, paragraph 24.

2.11 Foreign Currency Translation

The functional currency of BTF is the Ngultrum (BTN). The financial statements are presented in United States Dollars (USD), which is the presentation currency.

BTF maintains two distinct portfolios:

- **Assets and liabilities held in Bhutan** (including Property, Plant and Equipment): These are recorded and maintained in the functional currency (Ngultrum).
- **Assets and liabilities held in the offshore investment portfolio**: These are recorded and maintained directly in USD.

Foreign Currency Transactions and Transfers

Fund transfers from the offshore portfolio to BTF's designated bank accounts in Bhutan are recognized in Ngultrum using the actual Bank Telegraphic Transfer (BTT) rate on the transaction date, which represents the spot exchange rate at the date of the transaction (IPSAS 4.21–26).

Translation to Presentation Currency

At each reporting date, the financial position and financial performance relating to the Bhutan portfolio are translated from the functional currency (Ngultrum) into the presentation currency (USD) in accordance with **IPSAS 4 The Effects of Changes in Foreign Exchange Rates**, paragraphs 43–47, as follows (**IPSAS 4.44**):

- Assets and liabilities are translated at the closing exchange rate at the date of the statement of financial position (**IPSAS 4.44(a)**);
- Revenue and expenses (including depreciation) are translated at exchange rates at the dates of the transactions or using average rates for the period when this is a reasonable approximation (**IPSAS 4.44(b)**); and
- All resulting exchange differences are recognized as a separate component of Net Assets/Equity (**IPSAS 4.44(c)** and 45).

The offshore investment portfolio, already denominated in the presentation currency (USD), requires no translation.

Exchange differences arising from the translation of the Bhutan portfolio are accumulated in a separate component within Net Assets/Equity. These differences are not recognized in surplus or deficit in the current period.

BTF has elected the three-year transitional relief under IPSAS 33 relating to the recognition and presentation of cumulative foreign currency translation differences. Management is committed to achieving full compliance with all aspects of IPSAS 4 by the end of the transitional period.

2.12 Revenue Recognition

Revenue is recognized when it is probable that future economic benefits or service potential will flow to the BTF and the amount can be measured reliably. Interest income is recognized using the effective



interest method. Dividend income is recognized when the BTF's right to receive payment is established. Grants and contributions are accounted for in accordance with IPSAS 23 when the BTF obtains control of the resources and any stipulated conditions are satisfied.

2.13 Expense Recognition

Expenses are recognized on an accrual basis when goods or services are received and the BTF has a present obligation to settle the amount, except where specific IPSAS requirements apply.

2.14 Realized and Unrealized Gains/Losses

Realized gains and losses on disposal of investments are recognized in surplus or deficit on the transaction date. Unrealized gains and losses represent movements in fair value at the reporting date and are recognized in surplus or deficit for financial assets measured at fair value through surplus or deficit.

2.15 Fund Management/Advisory and Custodial Fees

These fees are recognized as expenses when the services are rendered, based on contractual rates.

2.16 Annual Spending Ceiling

In line with the Royal Charter, the spending ceiling for FY2023–24 was 5% of rolling average of past three years total investment portfolios, covering grants and overheads.

2.17 Prior Period Adjustments and Transition to Accrual Basis IPSAS

As part of the first-time adoption of accrual basis International Public Sector Accounting Standards (IPSAS), the entity has transitioned from **modified IFRS** to accrual basis IPSAS with effect from 1 July 2023.

In accordance with **IPSAS 33—First-time Adoption of Accrual Basis IPSASs** (paragraph 21 and related disclosure requirements), adjustments arising from this transition have been recognized directly in the opening balance of net assets/equity as at 1 July 2023. These adjustments correct omissions and misstatements that existed under the previous modified IFRS basis of accounting and bring the financial statements into full compliance with the recognition and measurement requirements of relevant IPSASs (including IPSAS 29/41 *Financial Instruments* and IPSAS 39 *Employee Benefits*).

Where applicable, material prior period errors have also been corrected retrospectively in accordance with **IPSAS 3—Accounting Policies, Changes in Accounting Estimates and Errors** (paragraphs 47–53). The nature and amounts of the adjustments recognized in the opening net assets/equity as at 1 July 2023 are as follows (Amount in US\$):

Particulars	Amount in US\$	Explanation
Accumulated surpluses/(deficits) per previous basis as at 30 June 2022 (before adjustment)	48,237,548	Derived from SoFP 2022–23
Surplus for the period per previous basis (2022–23)	(1,273,715)	From Statement of Financial Performance 2022–23
Sub-total per previous basis	46,963,833	
IPSAS adjustments affecting accumulated surpluses/(deficits):		
Unrealized Gain – Onshore Investment Portfolio	8,023,200	IPSAS 41





Unrealized Gain – Offshore Investment Portfolio	2,832,220	IPSAS 41
Unrealized Loss – Onshore Investment Portfolio	(63)	IPSAS 41
Unrealized Loss – Offshore Investment Portfolio	(846,916)	IPSAS 41
Provision for Gratuity & Separation Allowances	(40,116)	IPSAS 39
Correction of prior-year expenses	(5,436)	IPSAS 45
Net Prior Periods' Adjustments made as of 30 June 2023	9,962,887	Retrospective application per IPSAS 3 and IPSAS 33
Opening accumulated surpluses/(deficits) per IPSAS as at 1 July 2023	58,200,435	

2.20: Statement of Compliance

The financial statements of BTF have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), considering the transitional relief elected under **IPSAS 33** as disclosed in Notes 2.2 and 2.11.

In accordance with **IPSAS 1.28**, this constitutes an explicit statement of compliance with IPSAS, subject to the transitional provisions applied.

3. Rounding and Reclassifications

Figures are rounded to the nearest USD. Prior-year figures have been reclassified where necessary to conform to the current IPSAS presentation requirements (IPSAS 1, paragraph 150).

4: These notes form an integral part of the financial statements.



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PA to MD/Admin Assistant



Yeshey Lhamo
Receptionist & Librarian



Pasang
Driver & Messenger



Mani Kumar
Driver & Messenger



Karma Yangzom
Office Attendant



Pema Yangzom
Office Attendant



Milestones of BTF



1991
BTF established as the world's first
Environmental Trust Fund



1996
Royal Charter 1996 Granted



2004-2008
HRH The Crown Prince Chaired BTF



2018/2020
Accredited to AF & GCF



2021
Renewed Royal Charter 2021 Granted



2024
Launched BTF Roadmap 2040



2025
JSW Outstanding Environmental
Stewardship Award



Donors to Our Endowment



Our Partners





“Investing in a Legacy for Nature”

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